This Memorandum was originally placed on DR-CD 6 as an Interim Update which superseded Part I, Chapters 1-4, Handbook 2 and was effective 5/31/94. It was superseded on DR-CD 7 by ADS chapters 201, 202, and 203.

May 31, 1994

MEMORANDUM

TO: See Distribution

FROM: AA/PPC, Terrence J. Brown (signed 5/31/94)

SUBJECT: Agency Directive on Setting and Monitoring Program
**   Strategies**

This transmits new Agency guidance on strategic planning and performance measurement, referred to in the April 20, 1994, cable (State 104235) on the programming process for developing the FY96 budget. The attached policy directive formally establishes strategic plans from operating units as the basic framework for programming assistance and reporting the results of our programs. It is instrumental to putting the Agency on track toward managing for results, and should be read in the context of the Administrator's key policy message on this subject (State 23472, dated January 28, 1994).

As stated in the guidance, the country program strategic plans are to include all USAID assistance to that country including non-emergency food aid and centrally managed field support resources. Program performance and impact of centrally managed resources will be incorporated into the country-level
PRISM reporting system.

The country program strategic plans also should represent an integrated agenda of sustainable development activities, recognizing and exploiting where possible the synergies which exist across the Agency strategic goals (environment, population and health, democracy, and economic growth). Further policy guidance on integrating the Agency's four broad program priorities in individual program strategies will be provided in the implementation guidelines.

The attached directive gives new prominence to the need to undertake our programming with fuller participation of our development partners, including other donors, to maximize the impact and sustainability of our programs. Developing the

necessary information base and engaging with our partners, from both the host country and other donor organizations, should be integral parts of the strategic planning process as required by this guidance.

With the exceptions noted below, all operating units of the Agency are expected to bring themselves into full compliance with this guidance by April 1995. For ENI and West Bank/Gaza programs, PPC will work closely with ENI and ANE to move these programs toward compliance according to a schedule to be mutually agreed upon. For all programs, PPC will collaborate with the operating bureaus on plans to provide support to bureaus and missions where needed to comply with this guidance.

Further changes to our programming system will be needed to bring our project design and implementation procedures more closely in line with this guidance which is a subject being examined in the context of the Agency's on-going work to reengineer our operations systems. PPC, in the meantime, will issue interim project design guidance to relieve some of the inflexibility imposed by Handbook 3.

The attached directive has been subject to extensive prior review and comment at all levels of the Agency. Nevertheless, it can no doubt be further strengthened as we gain actual experience in applying it in our operations. We will be looking to the operating units for suggestions in this regard, as we refine and clarify this guidance in the future.

There are, finally, some areas that require further clarification, including: (a) the timing of submission of performance information to USAID/W, (b) the relationship of country and program performance to the resource allocation process, and (c) how best to integrate central bureau-managed resources into country strategies. PPC, M, and the operating bureaus will be working together to clarify these matters in the weeks ahead.

Distribution:
    USAID/W Senior Staff
    All DAAs
    Center of Excellence Directors
    Office Directors in Operating Bureaus
    LAC,AFR,ANE,ENI,GFR,BHR)
    Mission Directors, AID Reps
    IG

AGENCY DIRECTIVE

SETTING AND MONITORING
PROGRAM STRATEGIES

Bureau for Policy and Program Coordination
U.S. Agency for International Development
Washington, D.C. 20523

May 27, 1994

SETTING AND MONITORING PROGRAM STRATEGIES

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SETTING AND MONITORING PROGRAM STRATEGIES

I. INTRODUCTION

Applicability

This directive on setting and monitoring program strategies
is applicable to the full range of Agency assistance, with
the exceptions of emergency disaster assistance; emergency
food aid authorized under Title II of the Agricultural
Trade Development and Assistance Act of 1954, as amended
(P.L. 480);* and activities undertaken by the Office of
Transition Initiatives. Other exceptions may be made by
PPC, in consultation with the Administrator.

[*Applicability of these provisions to P.L. 480 Title II
development programs is subject to prior consultation
through the Food Aid Consultative Group.]

Purpose

This directive establishes uniform terminology, standards,
and requirements for defining strategic direction of Agency
programs and monitoring progress in implementing those
strategies. This directive supersedes Chapters 1-4 of Part
I, Planning, in Handbook 2 and any previously issued Agency
guidance on strategy document preparation (CDSSs and
successor documents), and shall govern strategy development
and monitoring of strategy implementation for all
categories of assistance, as defined under Applicability,
above.

Definitions

Assistance: A general term which refers to all the
different ways in which the Agency transfers resources to
support the purposes established in applicable foreign
assistance legislation.

Activity: A USAID-funded assistance effort organized to
contribute to a clearly-defined program outcome.

Program: A collection of USAID-funded activities which
share a common set of program outcomes, usually within one
sector, and, together, contribute toward achievement of a
higher-order strategic objective.

Project: See Activity.

Portfolio: The sum of USAID-funded programs being managed by a single operational unit.

Operational unit: An organizational unit which has been delegated program management authorities for a portfolio of programs and activities. Usually a field mission or equivalent, a USAID/W functional office or center of excellence.

Strategic plan: A delimitation of the strategic-level objectives an operational unit plans to pursue and description of how it plans to deploy resources to accomplish them; a strategic plan is prepared for each portfolio, whether it is managed at a country level, regionally, or centrally.

Action plan: That section of a strategic plan which describes the actions needed to implement the strategy in the current fiscal year and the two successive budget years. It is updated annually, providing a "rolling" set of three-year plans for strategy implementation and serving as a basis for the development of the Agency's annual budget request.

Strategic objective: A significant development result which can be achieved or toward which substantial progress can be made and for which the operational unit is held accountable in an approved strategic plan. Typically, the time-frame of a strategic objective is 5-8 years for sustainable development programs, but may be shorter for programs operating under conditions of uncertainty.

Program outcome: A measurable outcome of one or more activities which, in turn, contributes to a higher-order strategic objective; the intermediate level in the hierarchy of objectives linking specific activities to strategic objectives.

Performance indicator: A particular characteristic or dimension for measuring the change intended by a program strategy. Different indicators are developed to measure change at the levels of a strategic objective, a program outcome, and the outputs of a specific activity. Performance indicators are used to observe progress and to

assess the actual result of a program strategy or activity compared to the intended progress and result.

Strategy statement: A summary statement of broad strategic direction and program goals at the Agency or operational Bureau level; a strategy statement provides the framework for the development of strategic plans by individual operating units, and may set parameters on the selection of strategic objectives and/or programmatic approaches.

Responsibilities

Under the Administrator's overall strategic direction, the Bureau for Policy and Program Coordination (PPC) will issue the policy and program guidance for strategic planning, coordinate strategy reviews with all concerned bureaus and offices, clear all strategic plans, and authorize any exceptions to Agency-wide standards or requirements.

Operating bureaus will set the overall direction for bureau programs, ensure that strategic plans conforming to agency and bureau priorities are in place for each operational unit, and ensure that monitoring and progress reviews are conducted in accordance with these directives.

Missions and USAID/Washington offices with program-funded portfolios will develop strategic plans in accordance with these directives, pursue, monitor and report on them, and redirect resources as indicated by analysis of program performance.

Supplementary References

Refer to guidance on strategic planning and program performance measurement provided by PPC/CDIE, and to annual programming guidance to operational units provided by PPC and the Bureau for Management (M).

II. SETTING PROGRAM STRATEGIES

Objectives

The objectives of strategic planning in USAID are:

(i) to provide a vehicle for making program choices through a participatory process involving relevant stakeholders;

(ii) to focus the Agency's assistance efforts so as to achieve tangible development results; and

(iii) to establish a planning framework for allocating Agency resources and for monitoring the progress and effectiveness of the Agency's programs in accomplishing their objectives.

III. ORGANIZATIONAL FRAMEWORK FOR SETTING PROGRAM STRATEGIES

Agency policy and programming guidance. Broad program priorities and related guidance on implementing Agency program policy shall be established by USAID/W from time to time in the form of policy directives and programming guidance. These may apply to programs Agency-wide, or to a single bureau or sector of assistance. In all cases, they must be issued or cleared by the AA/PPC.

Bureau-level strategy statements. Within the parameters of such Agency-wide policy and programming guidance, individual operating bureaus may wish to issue strategy statements to establish program priorities specifically directed to the portfolios under their management authority. Such statements, which are optional, provide progressively greater focus to the strategic choices to be made by individual operating units. They may delimit how specific problems should be addressed, or they may offer a menu of program priorities. These statements shall be cleared by the AA/PPC to ensure consistency with Agency policy.

Strategic plans for operating units. Within the parameters established by Agency-wide and bureau-level strategy statements, and any other country-specific planning guidance issued by PPC, individual operating units shall develop strategic plans for programs under their direction. All strategic plans shall be subject to USAID/W review (see Section VI).

Country-level programs. Strategic plans will normally be formulated at the country level, except where programs are transnational in scope or require centralized management

(see following paragraph). Strategic plans for
country-level programs shall define the relationship
between country-level and Agency priorities and shall cover
all USAID-funded activities in the respective country,
including those funded by USAID/W (such as non-
emergency food aid and centrally managed field support
resources)as well as those funded by the field mission.
These plans shall clearly delineate the types of support
the mission program requires from USAID/W bureaus, the
mission's management responsibility for the execution of
centrally funded activities in that country, and any
additional resources required to support centrally funded
activities in the field.

Regional and central programs. Agency assistance
objectives may be pursued through regional or central
programs formulated and managed by USAID/W, or by regional
missions in the field, where the following conditions
apply:

(a) where, due to the nature of the assistance objective,
program management cannot be disaggregated to the country
level without significant loss of impact and/or efficiency
(e.g., transnational problems, regional institutional
support, some kinds of research);

(b) where reliance on country-level programming is unlikely
to meet USG assistance policy objectives (e.g.,
incorporating new policy priorities); or

(c) where limitations of staff positions or technical
capacity in the field require that strategies for
assistance programs be developed and implemented centrally
by USAID/W staff.

Strategic plans for regional and central programs shall be
developed by the operational unit which has program
management responsibilities for those activities, and shall
cover all activities handled by that unit. These plans
shall be tailored to the nature of the programs managed by
that unit and clearly distinguish between those
developmental objectives for which the unit is accountable,
and the management and technical services to be provided in
support of mission strategic objectives.

Consultation and participation. All program strategies

shall be developed, updated, and monitored in consultation with relevant development partners. Development partners include: (a) parties that play a significant role in host-country approval and the implementation of USAID-supported programs; (b) representatives or recognized spokespersons for people likely to be affected by USAID-supported policies or programs, ranging from business, professional, and civic associations, to poor and marginalized groups; and (c) other donors, research and educational centers, and other institutions addressing objectives similar or complementary to those of USAID in the country.

IV. FACTORS AFFECTING PROGRAM STRATEGIES

Development needs, constraints, and opportunities
The development needs and opportunities present in that country, region, or sector are at the center of the strategy development process and are critical in determining fundamental strategic choices. These are determined after consultation and analysis of the development performance to date in that country, region, or sector, and the relevant development constraints and options.

USG assistance objectives

Host country, regional, or sectoral development needs must be seen in the context of the US government's assistance objectives. Those objectives may be stated in legislation, Executive Orders, National Security Directives, or other policy statements issued by the legislative or executive branch. Those objectives frame the Agency's response to the development needs and opportunities in any given program portfolio.

Guidance on these factors will be provided by PPC in its policy and program guidance, and may be supplemented in bureau-level strategy statements.

Potential for sustainable impact

Program strategies should focus in those areas where it is thought that Agency assistance can, within the manageable interest of the operating unit, achieve significant program

results within the planning period and where those results can be expected to produce sustainable development impact. This requires focussing on a limited number of development constraints selected on the basis of a realistic assessment of (i) the Agency's experience and/or comparative advantage in that programmatic approach and ability to respond appropriately to those needs; (ii) the expected role and contribution of other donors working in that country or sector; and (iii) the likelihood that the necessary and sufficient country or regional conditions for a successful program are or can be met.

Expected resource levels

The volume and stability of projected resource flows should be considered in selecting program strategies, as well as the level of staff resources available to manage and technically guide the program. Guidance on these factors should be provided by the operational bureau, in consultation with PPC.

V. DOCUMENTATION REQUIREMENTS

Purposes. For each portfolio of country, regional, or central programs, a strategic plan shall be prepared which meets four purposes:

1. To define what strategic objectives will be pursued in the program portfolio, how they will be achieved, and what level of program and staff resources will be required to achieve them.

2. To provide a stable planning framework for directing the work of operational staff, setting budgets, and identifying required USAID/W and other support services over the planning period.

3. To define how progress toward broad development objectives will be measured and reported.

4. To continue to build support for the choices made during the strategic planning process by informing others, both within and outside USAID, about the objectives and content of the program portfolio.

Periodicity. Except as provided in Section VII, all operational units are expected to have a strategic plan in place at all times. The strategic plan for an operational unit shall be revised as necessary (see Changes in Strategic Plans, page 11) and in such cases, is subject to USAID/W review.

The Action Plan section of the strategic plan (see page 10) shall be updated annually. These Action Plan updates will be submitted to USAID/W for approval. Adjustments to or refinements of current strategies may be made in the context of these annual Action Plan updates.

Contents. A strategic plan shall include three sections, or parts, as described in the following pages and only the information needed to meet the purposes described under Purposes, above. Page length will vary depending upon the nature of the program, and normally, should not exceed 30 pages. In some instances, strategic plans may not need to be more than two-three pages.

Part I: Summary Analysis of Assistance Environment. Part I shall provide a brief narrative describing key features of the assistance environment, including: (i) significant macro-economic and socio-political trends; (ii) overall development prospects; (iii) an analysis of constraints and opportunities; (iv) other donor programs; (v) the accomplishments of and lessons learned from prior experience in the country or region, or, for central programs, respective development sector; (vi) the accountability environment, and its strengths and weaknesses; and (vii) for bilateral assistance programs, an assessment of when and under what conditions the bilateral assistance program is expected to phase-out.

Sections (iii) - (vi) may be limited to an analysis of the sectors and/or sub-sectors in which Agency assistance will be directed. Selection of sectoral focus shall be guided by prevailing Agency policy priorities and, for country and regional programs, informed by a broad overview of the economy and the potential role of that sector in that country or region in meeting development goals, derived from consultations with development partners (see Section III, above) as well as from other information sources and analyses.

This material is not germane to field support activities, since those are derived from country-level programs. This section, then, may be dropped for those portfolios which are exclusively devoted to field support.

Part II: Proposed Strategy, Rationale, and Key Assumptions.

This section should be a summary of the proposed program strategy, and shall include the following:

(a) a statement of strategic objectives and brief rationale for their selection. The strategic objectives which are selected for each portfolio shall set the direction for the selection and design of the assistance activities to be carried out in that portfolio over the time-frame of the plan.

The selection of a strategic objective shall be informed by all the factors listed in Section IV. It should represent a correspondence between development needs and USG assistance priorities, in a program area where USAID, in concert with the host country and other donors, can bring to bear appropriate kinds of expertise and levels of financial resources to have a measurable impact.

For central and regional strategic plans, this section should be appropriately adapted to include field support, research, and/or global program objectives in that portfolio, and the considerations which influenced their selection.

The number of strategic objectives a mission, functional office, or center of excellence may identify for its portfolio will depend most importantly on the expected program and staffing levels over the planning period. Other factors will include the absorptive capacity of targetted program sectors and the need to meet current and on-going program commitments. Generally an operational unit will have between one and five strategic objectives. More specific guidance on the number of strategic objectives may be provided by the cognizant bureau.

(b) a summary description of the key problem areas to be addressed in order to achieve the strategic objectives, the programmatic approaches the operating unit proposes to address those problems, and the specific program outcome(s)

to be accomplished as a result. In selecting an
appropriate programmatic approach for achieving a strategic
objective, a mission or office shall consider the
following:

(i) the nature of the problems which need to be addressed
if the strategic objective is to be achieved;

(ii) the feasibility and appropriateness of the proposed
programmatic approach to those problems;

(iii) USAID's comparative advantage and experience in that
programmatic approach and the issues implicit in that
approach;

(iv) consistency or complementarity with other donor
activity in related areas;

(v) commitment and political will of the host country
and/or other development partners to support the approach;
and

(vi) the availability of institutional partners and
suitable delivery mechanisms.

For any selected set of programmatic approaches, a
corresponding program outcome must be defined. The program
outcome represents the intermediate level in the hierarchy
of objectives which link specific assistance activities to
accomplishment of an approved strategic objective. Program
outcomes must be specific, measurable, and achievable
within a defined time-frame. When applicable, this section
should advise how achievement of the proposed program
outcomes may be related to other donor assistance.

(c) the performance indicators and targets against which
progress in implementing the strategy can be measured.
Operational units will identify a few, select indicators
and corresponding targets for monitoring and evaluating
progress toward the agreed-upon strategic objectives and
program outcomes. These indicators and targets shall
represent a clear statement of what changes the operational
unit expects to see if the strategy is successfully
implemented (definition of success), the time-frame within
which these changes are expected, the methods
to be used for measuring progress, and the periodicity of

measurement tools. Performance indicators and targets will constitute the basis for assessing the performance of an operational unit's portfolio and for reporting on the development results being achieved, or, in the case of field support, the management efficiencies gained.

(d) key assumptions which underlie the expectations that the proposed programs will be successful and will contribute to the stated strategic objectives. The purpose of this section is to highlight the risks implicit in the proposed strategy, particularly those risks in the external environment over which USAID exercises no control. An assessment of these risks will be central to analysis of the feasibility of the proposed strategy.

Part II shall also include a Program Logframe, Objectives Tree, or equivalent analytical tool to present in summary fashion the hierarchy of objectives in the strategic plan.

(e) brief description of the consultations used, and how the strategy document was influenced by these consultations.

Part III: Action Plan

This section of the strategic plan shall describe the actions needed to implement the strategy in the current fiscal year and the two successive budget years. It shall be updated every year, providing a "rolling" set of three-year plans for strategy implementation and serving as a basis for the development of the Agency's annual budget request. It shall include the following:

(a) for each strategic objective and related program outcome(s), a list of the assistance activities proposed for funding in the next two budget years, specifying the proposed type of assistance and approximate time-frame for each;

(b) resource requirements to carry out the strategy over the current and subsequent two years, including program dollars, OE dollars, FTEs, and USAID/W technical or other support;

(c) update on other donor programs underway in the country or sector which relate to the implementation of USAID's

proposed strategy;

(d) a plan for monitoring and reporting on progress of strategy implementation over the current and subsequent two years, including program performance indicators and targets;

(e) alternative programming scenarios, if appropriate or requested, to accommodate likely contingencies (e.g., possible political or policy shifts in the country, upward or downward adjustments in program or staffing levels, etc.); and,

(f) for central bureau portfolios, a plan for coordinating activities with field missions for those components of their strategic plans which will require consultation with and/or management support from field missions.

Part III shall also include a summary table listing the proposed activities and the implementation timeline for each, to illustrate the phasing of strategy implementation.

Operational bureau supplementary guidance

Operational bureaus, at their option, may request additional information in the strategic plans to meet special legislative requirements or to respond to other compelling needs unique to their bureau. These requests should be made only on an exceptional basis.

Operational bureaus may also, at their option, provide more specific guidance on the required contents and format for the geographic or sectoral program strategic plans, provided such guidance is consistent with the above requirements.

Any supplementary guidance pertaining to the development, documentation, and review of program strategic plans must be cleared by the AA/PPC before it is issued.

Changes in strategic plans

All program managers are expected to strive for continuity in the strategic direction of their programs. However, changes may be required in the event of: (i) dramatic changes in country conditions; (ii) persistent patterns of

unsatisfactory program performance; or (iii) major shifts in Agency program policy. In such cases, Missions or Offices shall be authorized by the cognizant operating bureau AA to revise their strategic plans accordingly, and resubmit them for USAID/W review.

VI.   REVIEW AND APPROVAL OF STRATEGIC PLANS

USAID/W review and approval

All strategic plans must be reviewed and approved by USAID/W. The purpose of the USAID/W review is to build and assure support for the operational unit's strategic plan. In meeting this purpose, USAID/W review will: (i) assess the clarity, logic, and feasibility of the strategy; (ii) ensure its compliance with Agency policy; and (iii)evaluate its appropriateness in light of expected resource availabilities.

Each USAID/W bureau will review strategic plans with a special emphasis, as follows:

(i) regional bureaus seek consistency with geopolitical and regional objectives;

(ii) PPC ensures support for Agency-wide priorities and the adequacy of plans for measuring performance and documenting impact;

(iii) M assures that resources can be made available;

(iv) G (Bureau for Global Programs, Field Support and Research) assures technical support for the program strategies.

The review of country or regional strategic plans will be managed by the respective geographic bureau and chaired by the AA or DAA.

Responsibility for chairing the reviews of strategic plans for small country programs may be redelegated by the AA or DAA to the respective geographic office director or other designee.

Reviews of strategic plans for central programs will be

managed by the respective central bureau and chaired by the AA or DAA.

Reviews of country or regional strategic plans shall include participation from appropriate USAID/W functional offices.

Reviews of strategic plans for central programs shall include participation from geographic bureaus.

In addition, PPC, M, and GC will be invited to participate in the reviews. Participation by other USAID offices or by other government agencies will be on an as-needed basis, as determined by the AA of the cognizant operating bureau.

Final review and approval authority for all strategic plans will rest with the operational bureau AA with concurrence from PPC and M on matters concerning appropriateness of expected resource levels and compliance with Agency policy.

In the event of a disagreement among PPC, M or the cognizant operating bureau that cannot be resolved among the parties, the issue will go to the Deputy Administrator for resolution.

Recording Agreement

USAID/W approval of a strategic plan shall represent a management contract with the director of the cognizant operational unit. This contract shall be understood to obligate the mission, office, or center director to pursue the strategic plan as approved and to obligate USAID/W management to provide the requested level of resource support, subject to Agency-wide resource constraints.

These mutual obligations shall be documented in a memorandum of understanding issued to mission and office directors, or some appropriate equivalent, to constitute the formal authority to implement a given strategic plan.

Host Country Review

As part of a process of on-going collaboration, strategic plans for country and regional programs and for central programs which anticipate sponsoring activities in a given country should be shared with host country senior

government officials and other development partners (see Consulation and Participation, page 5).

Where country or regional strategic plans cannot be shared, mission and office directors will nevertheless be expected to provide senior host country officials and other development partners a statement of the approved strategic objectives for the country or regional program and to engage those development partners in an ongoing exchange of views on progress toward those objectives.

VII. SPECIAL CASES

Targets of Opportunity. Under exceptional circumstances, a mission or office may wish to include activities in its portfolio which do not contribute to any of the selected strategic objectives but which meet other USG assistance objectives. These may be justified if one or more of the following criteria are met:

(i) the activity represents a response to a legislated earmark or special interest which cannot otherwise be readily met;

(ii) it is a continuation of an activity initiated prior to the strategic plan which needs additional time for orderly phase-out;

(iii) it is a pilot activity in a new program area which merits further exploration or which responds to new developments in the country, region, or sector; or

(iv) it is a research activity unrelated to the country portfolio but which has merit on other grounds.

These activities must be documented in a mission or office's strategic plan and action plans, and their impact should be monitored and reported together with other program activities.

Rapid response programs

Programs that are authorized in response to an immediate humanitarian, economic, or political crisis may be designated "rapid response" programs and be exempted from

any or all of the requirements stated above. This
designation may apply to an entire portfolio or to portions
of a portfolio. This action will be taken by the AA/PPC at
the request of the respective operational bureau AA and
documented in a formal action memorandum.

A program designated as a "rapid response" program under
this authority may retain this designation for up to 12
months, unless otherwise agreed to by the AA/PPC.

VIII. MONITORING STRATEGY IMPLEMENTATION

Objectives

The objectives of monitoring strategy implementation are
to:

1. Ensure that satisfactory progress is being made toward
achievement of development results, as a basis for making
subsequent resource allocations to those activities and
programs;

2. Provide an information base for reporting to Congress
and other oversight agencies on the impact of Agency
programs, in compliance with extant reporting requirements;
and

3. Document the Agency's experience in implementing its
assistance activities and programs, as a basis for
identifying lessons learned and improving the quality of
assistance in future years.

IX.   REQUIRED ELEMENTS IN A STRATEGY MONITORING FRAMEWORK
Every operational unit shall have in place a framework for
monitoring the performance of its program strategy. This
framework shall include the following:

Clearly defined performance targets. Performance targets
shall be measurable and shall correspond to the strategic
objectives and program outcomes established in the approved
strategic plan.

Targets shall be established which can demonstrate whether
there is an impact on a strategic objective over both the

medium-term (3-5 years) and long-term (6-10 years). Annual interim indicators shall be established to demonstrate whether or not progres is being made towards achieving the desired impact.

Established procedures for data collection and analysis. Each operational unit shall define procedures to ensure systematic collection and analysis of data required to assess progress toward achievement of performance targets. These procedures shall ensure that satisfactory baseline data are collected for each key performance target.

Annual progress reviews. Each operational unit shall conduct progress reviews at least once a year to determine whether satisfactory progress is being made toward achieving its strategic objectives. These reviews shall assess the cumulative performance for each strategic objective against the medium- and long-term targets for that objective defined in the strategic plan or updated in a more recent action plan. A written record of these progress reviews shall be retained in the mission or office files. In the case of field missions, a copy of this record should also be forwarded to the cognizant USAID/W bureau.

X. USAID/W PROGRAM PERFORMANCE REVIEWS

Purpose

The primary purpose of USAID/W reviews of program performance is to provide a forum for the Agency's senior management to review jointly with operational units progress being made toward the achievement of the strategic objectives for each of the Agency's major portfolios and to identify any emerging issues which may warrant senior management attention.

Secondarily, by providing senior managers a broad understanding of the impact to date of the Agency's operational programs, program performance reviews will also contribute to: (i)informing Agency decisions about overall program planning and resource allocation; and (ii) meeting accountability requirements to report on the effectiveness of Agency programs.

Scope

Each USAID/W bureau shall periodically conduct program performance reviews of the portfolio of each of the operational units under its respective jurisdiction. These reviews will assess the progress of all the programs being managed by that unit toward that unit's stated strategic objectives and program outcomes. They shall utilize, wherever possible, information already compiled by missions and offices for their own internal progress reviews pursuant to Section IX, above. Such reviews shall be conducted at the Office Director level or above. PPC, including CDIE, and M will be invited to participate in each review.

Periodicity

Program performance reviews shall be conducted every year for major program portfolios (i.e., those units with programs exceeding, on average, $10 million in annual OYB). Smaller program portfolios may be reviewed less frequently. The exact timing of these reviews is at the discretion of the cognizant bureau, bearing in mind the purposes set forth in Purpose, above.

Procedures and Documentation

USAID/W performance reviews shall be conducted in accordance with the procedures established for that purpose in the cognizant bureau. The AAs and DAAs of cognizant bureaus are accountable for the integrity and quality of the review process.

A summary of each program portfolio performance review shall be forwarded to the bureau AA, with information copies sent to the AA/PPC, to CDIE, and to the mission or office director responsible for the subject portfolio.

XI. PROGRAM PERFORMANCE ASSESSMENTS

To supplement the routine program performance reviews conducted by operational units and USAID/W bureaus, the Agency shall periodically conduct in-depth assessments of the performance of specific program strategies. These

assessments may address the performance of a specific mission or USAID/W office portfolio or they may examine the performance of a sample of similar programs across a range of differing country conditions.
CDIE shall have principal responsibility for conducting these assessments. An agenda of such assessments shall be developed under the direction of PPC, with the active participation of the USAID/W operating bureaus.

Operating bureaus may also choose to undertake special program performance assessments as appropriate, in consultation with CDIE.

The results of program performance assessments shall be appropriately reflected in Agency policy and program guidance and, as needed, in individual operating units' strategic plans.

XII. ANNUAL AGENCY REPORT ON PROGRAM PERFORMANCE

Drawing on the results of the progress reviews described in Section X and the performance assessments described in Section XI, the Agency shall prepare, annually, a consolidated report on the progress its programs are making toward achieving the objectives that have been established for them. This report shall be prepared by PPC, in consultation with all operating bureaus, and serve as a basis for meeting Agency reporting requirements under the Chief Financial Officers (CFO) Act of 1990 and the Government Performance and Results Act (GPRA) of 1993.